

STCP19-6 Issue 004 Application Fee

STC Procedure Document Authorisation

| Party | Name of Party Representative | Signature | Date |
|--|-------------------------------------|------------------|-------------|
| National Grid Electricity Transmission plc | | | |
| SP Transmission Ltd | | | |
| Scottish Hydro-Electric Transmission Ltd | | | |
| Offshore Transmission Owners | | | |

STC Procedure Change Control History

| | | |
|-----------|------------|---|
| Issue 001 | 19/01/2005 | First issue |
| Issue 002 | 04/03/2005 | BETTA Go-Live Version |
| Issue 003 | 25/10/2005 | Issue 003 incorporating PA034 & PA037 |
| Issue 004 | 17/17/2009 | Issue 004 incorporating changes for offshore regime |

1 Introduction

1.1 Scope

1.1.1 This procedure determines how Application Fee data is provided to NGET to establish the level and treatment of fees associated with Applicants applying for a new or modified Connection to the National Electricity Transmission System or certain Agreements for Use of System.

1.1.2 It contains a detailed procedure which includes:

- responsibilities;
- clear actions and timings;
- a “swim-lane” flow diagram which indicates relations, linkages and data exchanges.

1.1.3 This procedure applies to NGET and each TO.

1.1.4 For the purpose of this document, the TO(s) are:

- SPT;
- SHETL: and
- All Offshore Transmission Licence holders as appointed by Ofgem from time to time.

1.2 Objectives

1.2.1 The purpose of this procedure is to detail how the Application Fee process will be addressed across the NGET~TO interface.

1.2.2 This process specifies the following:

- the responsibilities of NGET and the TO(s) in relation to Application Fee activities between the TO(s) and NGET;
- the requirements for exchange of information related to Application Fee requirements; and
- the lines of communication to be used;

1.3 Background

1.3.1 NGET shall be responsible, inter alia for the contractual interface with the Applicants, and the calculation, development and invoicing of Connection and TNUoS charges. NGET shall also be responsible for establishing and maintaining a Statement of Use of System Charges.

1.3.2 The Statement of Use of System Charges includes schedules of fees payable by Applicants submitting applications in accordance with the CUSC and the Charging Methodologies.

1.3.3 NGET will require information from each TO to enable NGET to establish and maintain the Application Fees published in the Statement of Use of System Charges, and to determine the payments between NGET and each TO associated with the application process.

1.3.4 Fees are payable in respect of applications for new connection agreements, certain Use of System agreements and for modifications to existing agreements based on reasonable costs incurred by NGET as set out in the Charging Methodology Statements (which includes charges passed through from the TO(s)).

1.3.5 Applicants can opt to pay an Application Fee based on either variable price or on a fixed price basis in respect of new connection agreements, certain Use of System

agreements and modifications to existing agreements as detailed in the Charging Methodologies.

- 1.3.6 The Statement of Use of System Charges contains the fixed prices for Application Fees which are dependent upon size, type and location of the applicant's scheme.
- 1.3.7 Applicants opting for a variable price Application Fee pay an advance of reasonable costs, based on the fixed prices shown in the Statement of Use of System Charges. These charges will be reconciled once the actual costs have been calculated using the charge out rates contained in the Statement of Use of System Charges.
- 1.3.8 The Application Fees published in the Statement of Use of System Charges will be based on the daily charge out-rates stated in the Statement of Use of System Charges.
- 1.3.9 In the case of variable price Application Fees the Application Fee will be payable by the Applicant to NGET. NGET shall be responsible for collecting all processing costs in order to reconcile the final fee and for outturning to the Applicant.
- 1.3.10 NGET shall notify the TO once the Application Fee has been cleared in accordance with STCP 18-1, Connection and Modification Application Procedure. The TO(s) will then invoice NGET for their component of the fixed price or variable Application Fee. The TO(s) are responsible for the refunding of their component of the Application Fee to NGET where appropriate. Reference to Invoicing and Payment STCP13-1 should be made with respect to settlement of invoices.

2 Key Definitions

2.1 For the purposes of STCP19-6:

- 2.1.1 Advanced Fee means the indicative fee based on the fixed prices in Appendices C2 & C3.
- 2.1.2 Application Fee means the fee payable by each Applicant applying for a new or modified Connection to the National Electricity Transmission System or certain Agreements for Use of System.
- 2.1.3 Final Fee means the actual fee.
- 2.1.4 NGET Lead person means the named contact(s) within NGET for revenue issues as advised to the TOs from time to time.
- 2.1.5 Processing Charges means the charges levied by the TO to NGET for processing applications.
- 2.1.6 Processing Costs means the internal costs incurred by NGET as a result of the application process.
- 2.1.7 TO Charging Statement means the statement for which the TO Transmission Services charges are based.
- 2.1.8 TO Lead Persons means the named contact within the TOs for revenue issues as advised to NGET from time to time.

3 Procedure

3.1 “Application Fee” setting

- 3.1.1 By 1 September each year the NGET Lead person shall email/send letter to the TO Lead persons requesting proposed daily charge-out rates by grades and fixed price Application Fees, in accordance with the breakdown to be published in the Statement of Use of System Charges, for work to be carried out by the TO(s) for the following Financial Year.
- 3.1.2 By 30 September each year, the TO(s) shall forward their proposed daily charge-out rates by grades in accordance with the TO Charging Statements for the following Financial Year to NGET using the Application Fee proforma contained in Appendix B1. The TO shall provide an explanation for any significant variation from the data submitted for the previous Financial Year.
- 3.1.3 NGET shall calculate average daily charge-out rates for inclusion in the Statement of Use of System Charges based on the daily charge-out rates provided by the TO(s) and submit them to the TO(s) by 15 October.
- 3.1.4 The TO(s) shall calculate their components of the fixed price Application Fee in accordance with their TO Charging Statement and submit to NGET by 30 October each year using the application proformas contained in Appendix B2 and B3.
- 3.1.5 NGET shall calculate the Application Fees to be published in the Statement of Use of System Charges.
- 3.1.6 NGET shall submit the charges and rates to Ofgem prior to publication in the Statement of Use of System Charges for the following Financial Year and update TO(s) via email/letter.
- 3.1.7 All parties shall provide all necessary assistance to respond to any reasonable query from Users or Ofgem regarding the Application Fees and daily charge out rates.
- 3.1.8 The Application Fees and daily charge out rates will be applicable for the following Financial Year and published in the Statement of Use of System Charges.

3.2 Application sent to NGET

- 3.2.1 The Applicant can contact NGET prior to submitting an application in order to find out the appropriate Application Fee.
- 3.2.2 NGET may need to contact the TO(s) by email/letter in order to ascertain the correct Application Fee before responding to the Applicant e.g. to take into account a previous feasibility study see 3.3.
- 3.2.3 TO(s) shall confirm by email/letter that the Application Fee is correct or provide their revised components where appropriate. NGET shall confirm the Application Fee to the Applicant.
- 3.2.4 For the avoidance of doubt, TOs shall not levy an Application Fee for any NGET Modification Application submitted as a result of modifications initiated under STCP16-1 Investment Planning.

3.3 Application with previous feasibility study sent to NGET

- 3.3.1 If an Applicant wishes to assess connection options before making an application, the TO(s) and/or NGET (as appropriate) will carry out a feasibility study at the Applicant's request (STCP17-1 on Feasibility Studies refers). Work carried out on a feasibility study may lead to a reduction in any subsequent fixed price Application Fee to reflect the amount of work under the feasibility study that could be adopted under the application.
- 3.3.2 It is likely that the Applicant will advise that a feasibility study has been carried out and request an appropriate reduction on a fixed price Application Fee in accordance with the Statement of Use of System Charges. Should an Application Fee reduction be agreed between NGET and the TO(s), then NGET shall confirm the Application Fee in writing to the Applicant.

3.4 Invoicing

- 3.4.1 When the Application Fee has cleared, NGET shall notify the TO(s) in accordance with STCP18-1, Connection and Modification Application.
- 3.4.2 Following notification under 3.4.1, the TO(s) shall invoice NGET with their relevant TO component of the advanced indicative or fixed Application Fee and receive payment in accordance with the STCP13-1 Invoicing and Payment Procedure (Ad-Hoc activities).

3.5 Reconciliation of indicative Application Fees

- 3.5.1 Within 30 days of the signing or withdrawal of the TO offer the TO Lead person shall send the NGET Lead person their Processing Charges up to the point of the offer being signed or cancelled, detailing grades and man-days where the Application Fee is indicative, broken down by Financial Years.
- 3.5.2 Where any non-zero balance exists between the Advanced Fee and the Final Fee, fee, the TO(s) shall invoice/credit NGET for this balance.
- 3.5.3 In the case of indicative Application Fees, NGET shall consolidate all the Processing Charges from the TO(s), together with any Processing Costs NGET has incurred and perform a reconciliation using the published charge-out rates in The Statement of Use of System Charges for the relevant years.
- 3.5.4 NGET shall send a balancing invoice/credit note to the Applicant if the Application Fee has not been fixed. This reconciliation will take account of any agreed Application Fee reduction.
- 3.5.5 NGET shall settle the balance with the TO(s) in accordance with STCP13-1 Invoicing and Payment Process (Ad-Hoc activities).

3.6 Refund of Application Fee upon Commissioning

- 3.6.1 Where a refund is due to the Applicant, in accordance with the TO Charging Statements NGET shall raise an invoice to the TO(s) for the TO(s) component of the indicative or fixed Application Fee.
- 3.6.2 Following receipt of an invoice in 3.6.1, the TO(s) shall settle the balance with NGET in accordance with STCP13-1 Invoicing and Payment Process (Ad-Hoc activities).
- 3.6.3 NGET shall refund the Applicant's Application Fee in accordance with the Charging Methodologies.

3.7 Application Fee Reporting

3.7.1 By 1 September and by 1 March of each year NGET shall produce a report and submit it to each TO. This report should include the following Application Fee information in respect of each application with the TO:

- name of Applicant;
- NGET unique Scheme Number;
- project location;
- size;
- signed offer date/cancellation date;
- Application Fee type (fixed or variable);
- fee received;
- reconciled fee;
- feasibility study fee reduction;
- Completion Date;
- Commissioning Date
- forecast repayment date and
- actual repayment date.

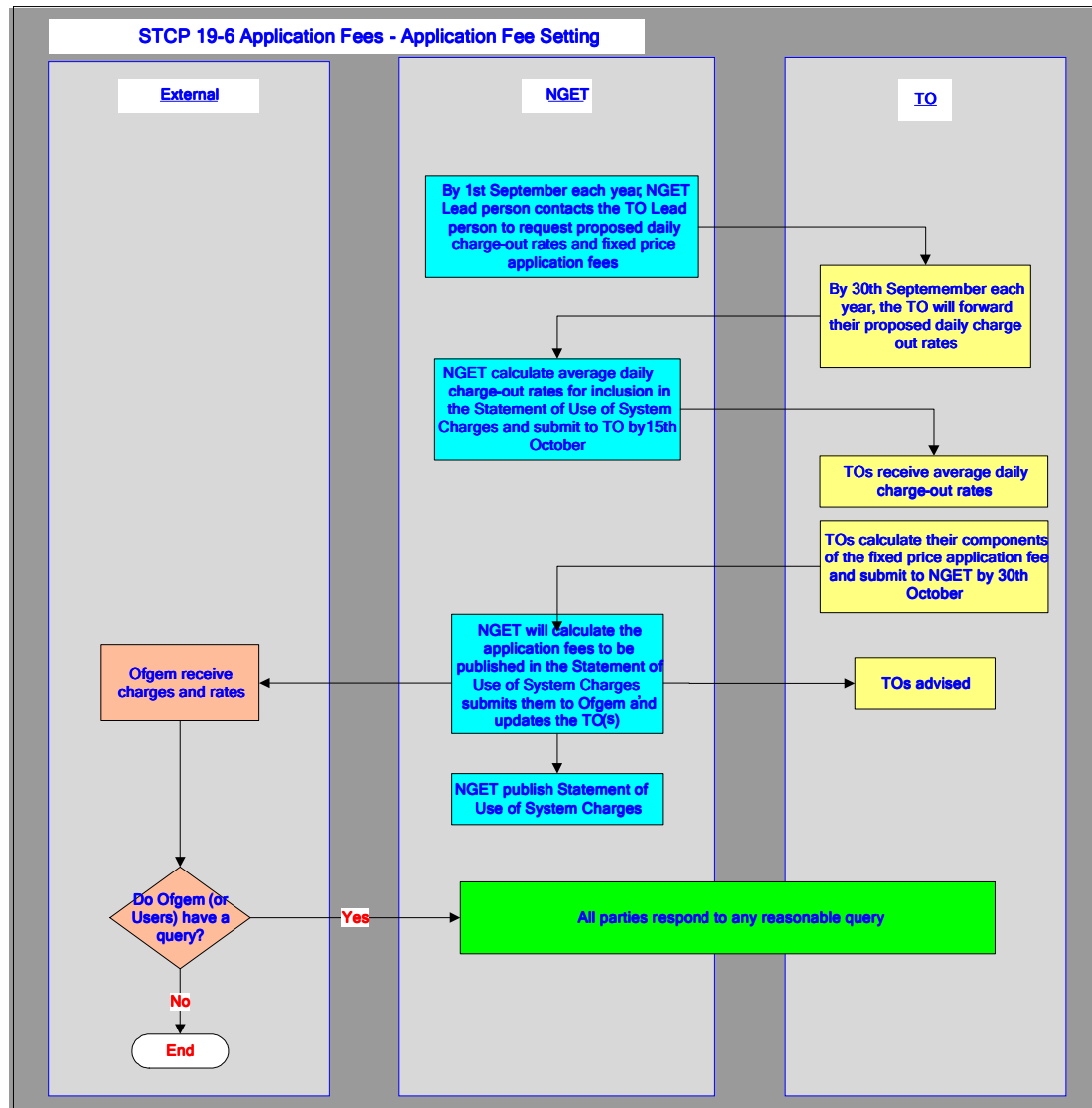
All values to be exclusive of VAT

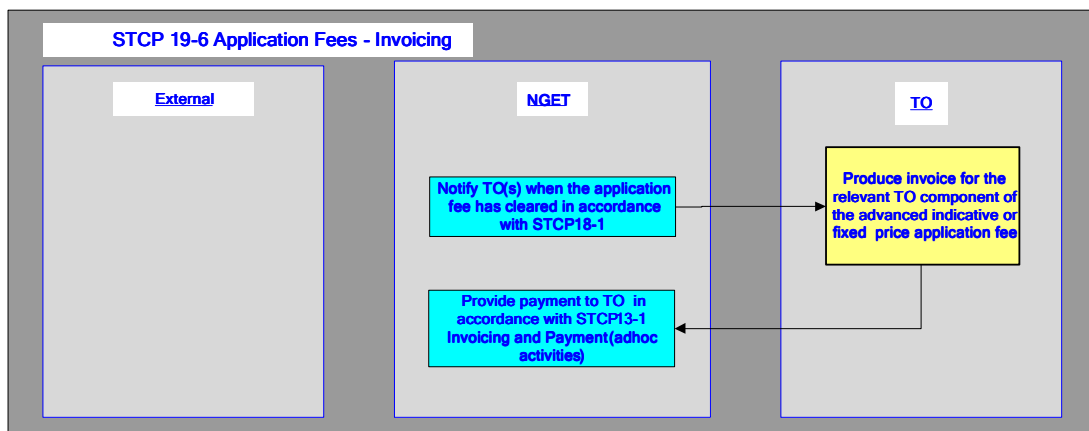
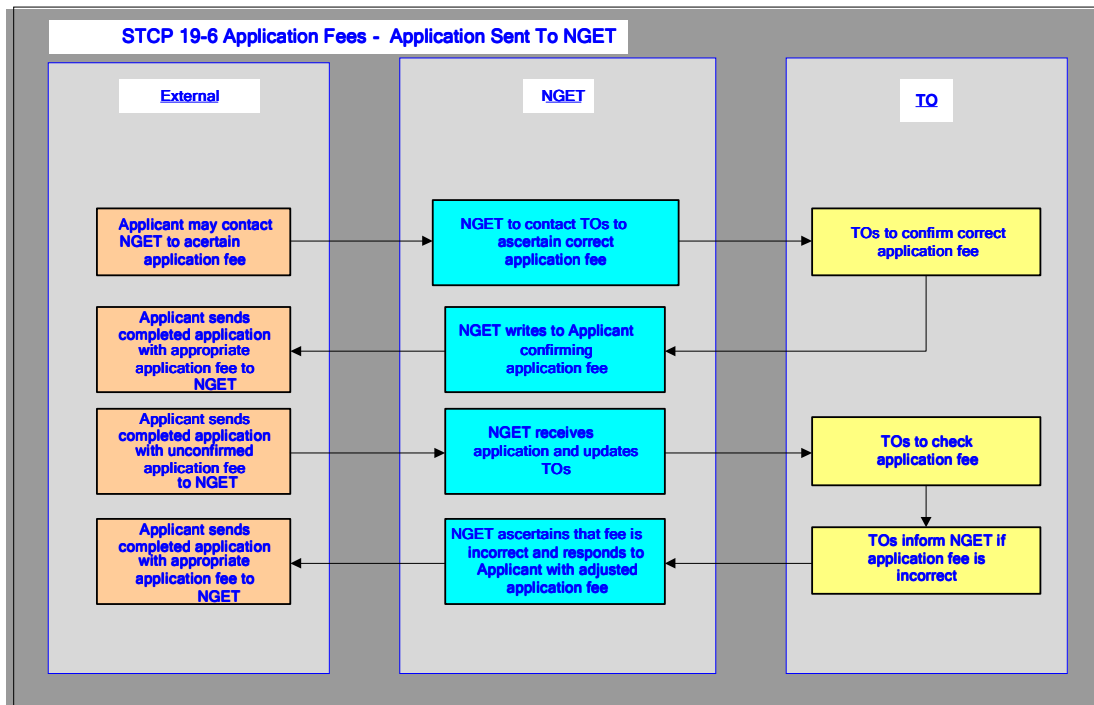
3.7.2 Within 10 business days following submission of the report in 3.7.1 the TO(s) shall inform NGET by email/letter of any discrepancies.

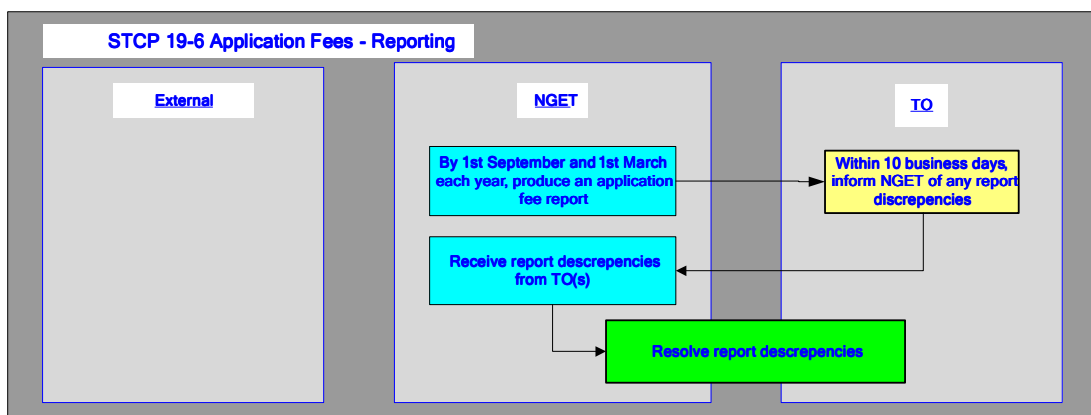
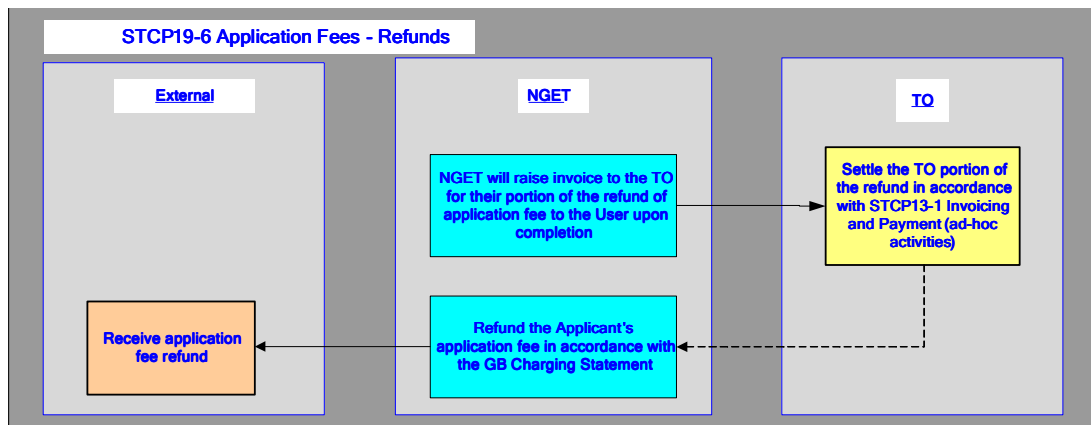
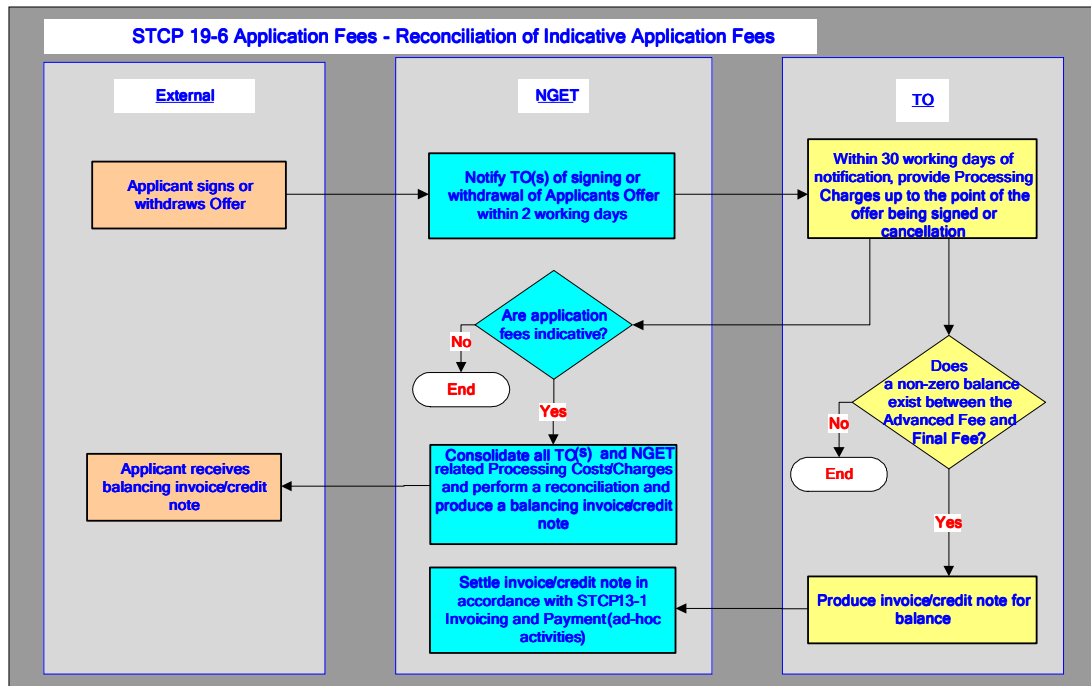
3.7.3 NGET shall work with the TO(s) to resolve any discrepancies.

Appendix A: Flow Diagram

Note that the Process Diagrams shown in this Appendix A are for information only. In the event of any contradiction between the process represented in this Appendix and the process described elsewhere in this STCP, then the text elsewhere in this STCP shall prevail.







Appendix B:**B1: Charge-out Rates for Variable Price Applications**

| | £/day | | | |
|--|-------|-----|-------|------|
| | NGET | SPT | SHETL | OFTO |
| Section Manager Internal Solicitor | | | | |
| Principal Power System Engineer | | | | |
| Senior Power System Engineer Project Manager Account Manager Senior Wayleave Officer | | | | |
| Power System Design Engineer Draughtsman | | | | |
| Graduate Engineer | | | | |
| Craftsman | | | | |
| Administrative Support | | | | |

B2: Fixed prices for New Bilateral Agreement

| | | Boundaries | MW | Fee (£'000) | | | Agreement Type |
|---|---|-------------|--|-------------|-------------|-------------|--------------------------------|
| | | | | NGET | SPT | SHETL | |
| 1 | Directly connected generation | NGET South | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Host | x | x | Bilateral Connection Agreement |
| | Directly connected generation | NGET North | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Host | Affected TO | x | Bilateral Connection Agreement |
| | Directly connected generation | SPT South | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Host | x | Bilateral Connection Agreement |
| | Directly connected generation | SPT North | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Directly connected generation | SHETL South | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| | Directly connected generation | SHETL North | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 2 | Directly connected reactive only service provider | NGET South | - | Host | x | x | Bilateral Connection Agreement |
| | Directly connected reactive only service provider | NGET North | - | Host | Affected TO | x | Bilateral Connection Agreement |

| | | | | | | | |
|---|---|-------------|---------------|-------------|-------------|-------------|--|
| | Directly connected reactive only service provider | SPT South | - | Affected TO | Host | x | Bilateral Connection Agreement |
| | Directly connected reactive only service provider | SPT North | - | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Directly connected reactive only service provider | SHETL South | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| | Directly connected reactive only service provider | SHETL North | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 3 | Embedded generation | NGET South | <100 =>100 | Host | x | x | =>50 Bilateral Embedded Generation Agreement <50 refer to NGET |
| | Embedded generation | NGET North | <100 =>100 | Host | Affected TO | x | =>50 Bilateral Embedded Generation Agreement <50 refer to NGET |
| | Embedded generation | SPT South | <30 =>30 | Affected TO | Host | x | =>30 Bilateral Embedded Generation Agreement <30 refer to NGET |
| | Embedded generation | SPT North | <30 =>30 | Affected TO | Host | Affected TO | =>30 Bilateral Embedded Generation Agreement <30 refer to NGET |
| | Embedded generation | SHETL South | <5 =>5 | Affected TO | Affected TO | Host | =>5 Bilateral Embedded Generation Agreement <5 refer to NGET |

| | | | | | | | |
|---|---------------------|-------------|---------------|-------------|-------------|-------------|---|
| | Embedded generation | SHETL North | <5 =>5 | Affected TO | Affected TO | Host | =>5 Bilateral Embedded Generation Agreement <5 refer to NGET |
| 4 | New supply point | NGET South | <100 =>100 | Host | x | x | Bilateral Connection Agreement |
| | New supply point | NGET North | <100 =>100 | Host | Affected TO | x | Bilateral Connection Agreement |
| | New supply point | SPT South | <100 =>100 | Affected TO | Host | x | Bilateral Connection Agreement |
| | New supply point | SPT North | <100 =>100 | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | New supply point | SHETL South | <100 =>100 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| | New supply point | SHETL North | <100 =>100 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 5 | Suppliers | All | - | x | x | x | Contained in CUSC |

B3: Fixed prices for Modification to existing Bilateral Agreements

| | | Boundaries | MW | Fee (£'000) | | | Agreement Type |
|---|---|-------------|--|-------------|-------------|-------------|---|
| | | | | NGET | SPT | SHETL | |
| 6 | Directly connected generation | NGET South | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Host | x | x | Bilateral Connection Agreement |
| | Directly connected generation | NGET North | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Host | Affected TO | x | Bilateral Connection Agreement |
| | Directly connected generation | SPT South | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Host | x | Bilateral Connection Agreement |
| | Directly connected generation | SPT North | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Directly connected generation | SHETL South | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| | Directly connected generation | SHETL North | <100 =>100<300 =>300<500 =>500<1000 =>1000 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 7 | Addition/reduction of embedded generation | NGET South | <100 =>100 | Host | x | x | =>50 Bilateral Embedded Generation Agreement <50 refer to NGET |

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|---|--|-------------|---------------|-------------|-------------|-------------|---|
| | Addition/reduction of embedded generation | NGET North | <100 =>100 | Host | Affected TO | x | =>50 Bilateral Embedded Generation Agreement <50 refer to NGET |
| | Addition/reduction of embedded generation | SPT South | <30 =>30 | Affected TO | Host | x | =>30 Bilateral Embedded Generation Agreement <30 refer to NGET |
| | Addition/reduction of embedded generation | SPT North | <30 =>30 | Affected TO | Host | Affected TO | =>30 Bilateral Embedded Generation Agreement <30 refer to NGET |
| | Addition/reduction of embedded generation | SHETL South | <5 =>5 | Affected TO | Affected TO | Host | =>5 Bilateral Embedded Generation Agreement <5 refer to NGET |
| | Addition/reduction of embedded generation | SHETL North | <5 =>5 | Affected TO | Affected TO | Host | =>5 Bilateral Embedded Generation Agreement <5 refer to NGET |
| 8 | Addition/reduction of transformer at existing supply point | NGET South | - | Host | x | x | Bilateral Connection Agreement |
| | Addition/reduction of transformer at existing supply point | NGET North | - | Host | Affected TO | x | Bilateral Connection Agreement |
| | Addition/reduction of transformer at existing supply point | SPT South | - | Affected TO | Host | x | Bilateral Connection Agreement |
| | Addition/reduction of transformer at existing supply point | SPT North | - | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Addition/reduction of transformer at existing supply point | SHETL South | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |

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| | Addition/reduction of transformer at existing supply point | SHETL North | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 9 | Modifications to existing supply points and agreements | NGET South | <100 =>100 | Host | x | x | Bilateral Connection Agreement |
| | Modifications to existing supply points and agreements | NGET North | <100 =>100 | Host | Affected TO | x | Bilateral Connection Agreement |
| | Modifications to existing supply points and agreements | SPT South | <100 =>100 | Affected TO | Host | x | Bilateral Connection Agreement |
| | Modifications to existing supply points and agreements | SPT North | <100 =>100 | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Modifications to existing supply points and agreements | SHETL South | <100 =>100 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| | Modifications to existing supply points and agreements | SHETL North | <100 =>100 | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 10 | Modifications to alter connection/commissioning dates | NGET South | - | Host | x | x | Bilateral Connection Agreement |
| | Modifications to alter connection/commissioning dates | NGET North | - | Host | Affected TO | x | Bilateral Connection Agreement |
| | Modifications to alter connection/commissioning dates | SPT South | - | Affected TO | Host | x | Bilateral Connection Agreement |
| | Modifications to alter connection/commissioning dates | SPT North | - | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Modifications to alter connection/commissioning dates | SHETL South | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |

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|----|---|-------------|---|-------------|-------------|-------------|--|
| | Modifications to alter connection/commissioning dates | SHETL North | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 11 | Increase in TEC | NGET South | - | Host | x | x | Bilateral Connection Agreement |
| | Increase in TEC | NGET North | - | Host | Affected TO | x | Bilateral Connection Agreement |
| | Increase in TEC | SPT South | - | Affected TO | Host | x | Bilateral Connection Agreement |
| | Increase in TEC | SPT North | - | Affected TO | Host | Affected TO | Bilateral Connection Agreement |
| | Increase in TEC | SHETL South | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| | Increase in TEC | SHETL North | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement |
| 12 | Exchange of TEC (assumes no system implications) | NGET South | - | Host | x | x | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |
| | Exchange of TEC (assumes no system implications) | NGET North | - | Host | Affected TO | x | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |
| | Exchange of TEC (assumes no system implications) | SPT South | - | Affected TO | Host | x | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |
| | Exchange of TEC (assumes no system implications) | SPT North | - | Affected TO | Host | Affected TO | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |
| | Exchange of TEC (assumes no system implications) | SHETL South | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |

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|----|--|-------------|---|-------------|-------------|------|--|
| | Exchange of TEC (assumes no system implications) | SHETL North | - | Affected TO | Affected TO | Host | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |
| 13 | Request for Short Term TEC (STTEC) or Short Notice Short Term Firm (SNSTF) | All | - | Host | x | x | Bilateral Connection Agreement/Bilateral Embedded Generation Agreement |

Appendix C: Abbreviations & Definitions

Abbreviations

| | |
|-------------|--|
| Affected TO | Affected Transmission Owner |
| SHETL | Scottish Hydro-Electric Transmission Limited |
| SPTL | SP Transmission Limited |
| TO | Transmission Owner |

Definitions

STC definitions used:

Connection
Completion Date
Financial Year
National Electricity Transmission System
Modification
NGET
Transmission Services
User

CUSC definitions used:

Applicant
Bilateral Agreements
Bilateral Connection Agreement
Bilateral Embedded Generation Agreement
Offer
Statement of Use of System Charges
Use of System

Definition used from other STCPs:

Charging Methodologies STCP14-1: Data Exchange for Annual Charge Setting